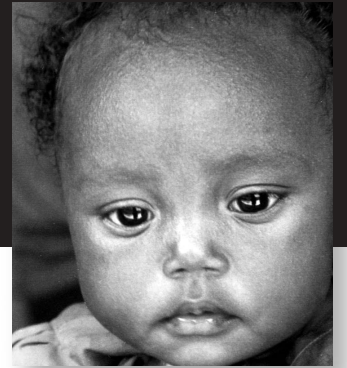
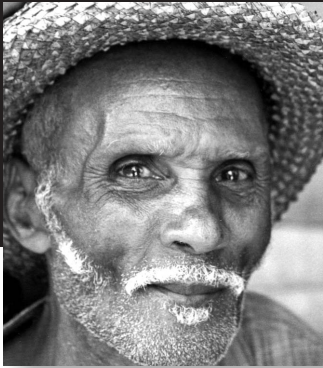


Economic Development

in Latin American Communities of African Descent



Inter-American Foundation Panel Presentations
from the XXIII International Congress
of the Latin American Studies Association,
Washington, DC
September 6-8, 2001

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Introduction

Understanding how communities can improve their economic conditions is fundamental to the work of the Inter-American Foundation. The IAF is an independent agency of the United States government that provides grants directly to grassroots organizations in Latin America and the Caribbean for innovative self-help programs that improve the quality of life of poor people.

According to the most recent census reports, people of African descent represent about one-third of Latin America's population, yet comprise 50 percent of the region's poor. Little information is available on the factors that contribute to their poverty. In fact, only in the last few years have academics and practitioners documented the existence of the people who may live in areas called *quilombos*, *paleenques*, *terras dos pretos* or *garifuna* lands according to their country of residence. Because these communities have been invisible to outsiders, their self-help initiatives face additional challenges. As the contributors to this publication can attest, the available research often explores the cultural and political aspects of black communities, but tells us very little about their economic engagement.

The XXIII International Congress of the Latin American Studies Association, held in Washington, DC, September 6–8, 2001, presented an opportunity for the IAF to raise awareness of the issues surrounding development with respect to these groups by sponsoring "Economic Development in Afro-Latin American Communities: Opportunities and Challenges," one of the first panels on this subject. The panelists' papers collected in this document represent pioneering steps toward understanding how African descendent communities can improve their economic condition. Jeannette Sutherland's overview of the Afro-Brazilian condition is followed by specific case studies of development projects in Brazil and Colombia, the two Latin American countries with the most significant black populations and with the best statistical information on them. Of those papers presenting case studies, the donor's point of view is reflected in "The Mundo Afro Project," by Milam Fitts of the Chicago International Development Corporation, and in my article about three IAF grantees, Projecto Vida de Negra, Sociedade Afrosergipana de Estudos e Cidadania and Criola. Dacia Costa's "Portrait of Afro-Brazilian Craftswomen" is written from her perspective as Criola's coordinator.

The authors believe that the lessons learned as described in our papers are applicable to the condition of African descendants elsewhere in the region. We hope this publication will lead to more dialogue on how African descent communities can overcome historical biases, maximize their development potential and participate fully in economic and political life.

Judith Morrison, Panel Chair

Inter-American Foundation Representative for Brazil and Colombia

Economic Development versus Social Exclusion: The Cost of Development in Brazil

By JEANNETTE SUTHERLAND

Development depends not so much on finding optimal combinations for given resources and factors of production as on calling forth and enlisting for development purposes, resources and abilities that are hidden, scattered or badly utilized.

Albert O. Hirschman

The challenge of inclusion is the key development challenge of our time.

James Wolfensohn, *World Bank*

A mong the principal reasons intractable poverty and underdevelopment persist and are gaining ground in Brazil, are the institutional as well as informal exclusionary practices routinely perpetrated in all domains against non-white communities within its society. Much of the current concern with development is confined to raising the average levels of income in underdeveloped countries. Accordingly, economic development is said to occur whenever there is an increase in per capita income and when this growth is sustained over a long period of time. This approach to the problem of underdevelopment generally ignores two important considerations. First, in most underdeveloped countries the distribution of income among the population is very unequal and often an increase in per capita income only indicates these inequalities have become worse. Second, social, cultural, political, ethnic, religious, psychological and other noneconomic variables influence the economic behavior of individuals and groups in every society to an extent that cannot be captured in conventional economic indicators. These considerations therefore, cannot continue to be omitted from the overall factors that condition, or influence, patterns of development or underdevelopment. For example, we know social organization and structure are important determinants of social mobility, and more recently the ethnocultural realm has been recognized as another potent domain where questions of social mobility are determined. We also know the distribution of political power, as well as the nature of political organizations, can determine the extent to which different individuals and groups are able to participate in decisions affecting the whole society.

A long-term view of comprehensive development for Brazil must now correct the two basic deficiencies mentioned above. In addition to a sustained increase in per capita incomes and equitable patterns of income distribution, this requires national policies that address the ethnocultural peculiarities of the various groups that compose society. In this regard, central planners would be called upon to become attentive to the manner in which such peculiarities complement or conflict with national socioeconomic development plans.

This study proposes that underdevelopment is a dynamic, cumulative process conditioned by systemic forces and that this process is responsible for the overall state of underdevelopment in Brazil. The paper is premised on the hypothesis that the underdevelopment and inequities existing among peoples of African descent in Brazil, and indeed in most other countries in Latin America, are necessary to the economic development goals of the country's minority elite. The analytical framework of this paper is guided by the viewpoint that the dynamics of underdevelopment in Brazil are inherent in its social, political, cultural and institutional structures. To this extent, development in its broadest sense can hardly be expected to occur without a change in all these layers of social interaction.

The paper relies in part on a synthesis of the pluralist, dependency and internal colonialism schools of thought, which suggest that uneven development in countries, like Brazil, is necessary to the "core." The study endeavors to demonstrate that, although Brazil's process of economic development may include some integration of disparate elements, the process generates a "core," predominantly of European origin, and a "periphery," predominantly black. Is Brazil pursuing economic development at the expense of blacks? In attempting to answer this question, an assessment of Brazil's sociopolitical structure and its process of economic development follows. The processes dictating the exclusion of Brazil's black population are viewed along classical divisions of societies in the economic, political and sociocultural spheres. As in Michel-Rolph Trouillot's model presented in his 1999 University of Chicago paper, "Social Exclusion in the Caribbean," these three dimensions are used as heuristic devices in reviewing the reality of social exclusion while attempting to identify intermediary yet cumulative processes. Trouillot's model of social exclusion as a process that is both cumulative and multidimensional will be used as a conceptual framework in assessing Brazil's trajectory as one premised on the exclusion of the majority by the core in its society. Two key issues will be to determine to what extent development policies in Brazil engender or exacerbate divisions and inequalities, and whether social relations based on race and ethnicity are compatible with, and probably functional to, capitalist development.

The intent is to seek a framework that would capture the inter-relationships between the material and nonmaterial aspects of deprivation; provide a better understanding of the way they interact with the processes of economic growth; and relate them to the concepts of participation and social identity. The ultimate objective is to contribute to the design of acceptable policy interventions.

The following section will provide some data on inequities among racial groups in Brazil. The third section will present an analysis of Brazil's economic, political and sociocultural spheres as they interact to create a process of social exclusion in which Afro-Brazilians find themselves on the periphery of Brazil's sociopolitical economy. The final section concludes with some recommendations for policy makers and members of civil society who are concerned with the deficiencies in current policies and development goals.

The Big Trade-Off: Inequities among Racial Groups in Brazil

Despite its economic and political progress in the 20th century¹, Brazil has not made similar advances in social development. Racial and ethnic disparities in Brazil emerge starkly with a simple breakdown of national statistics. For example, despite remarkable progress, infant mortality rates and life expectancy at birth in the Northeastern states (predominantly black) are still worse today than the figures attained by the Southern states (predominantly white) in 1950. Similarly, literacy rates (among persons 10 years or older) in Brazil as a whole increased from 48.4 percent in 1950 to 74.5 in 1980. But the aggregate figures conceal a significant disparity between Northern and Southern Brazil, and also between urban and rural areas.

These discrepancies are related, among other factors, to Brazil's extremely unequal pattern of income distribution. Data show an increasing degree of inequity in income distribution of economically active persons over 10 years of age earning some form of income. Between 1960 and 1980, the top 5 percent and 10 percent of the population increased their share of income by a full 10 percentage points. There is no developed or successfully developing country in which the top 10 percent of the population appropriates half the total income while the bottom half takes less than 15 percent.² In 1999, Brazil was second only to Sierra Leone in terms of inequity in income distribution,³ and its concentration has increased over time. These economic inequities cannot be adequately assessed without taking into account Brazil's race relations.

Income level

Income disparities are found among racial groups in each of Brazil's five regions. Data show the North and Northeast, where Afro-Brazilians predominate, have the highest inequality rates along with the lowest income and economic activity levels in the country. Figures for the average family income by region indicate the regions with a majority of Afro-Brazilians have a much higher incidence of poverty.

Studies by Brazilian sociologist, Nelson do Valle Silva, report significant differences in economic attainment between whites and non-whites even after controlling for variables relevant to the process of income attainment.⁴ Not only do whites enjoy higher returns from schooling than blacks at all levels of completed schooling, but

¹ Social, economic and political indicators show impressive progress compared to the Brazil of yesteryear. While its democratic process still lacks a firm degree of consolidation, many more of its citizens have come to enjoy broader freedom to participate in the public process. With a gross domestic product (GDP) of US\$860 billion (1999) and a per capita income of US\$5,300, Brazil is classified as a medium-income country, accounts for more than 50 percent of South America's GDP and is the ninth largest economy in the world. The stability of the new *real* currency has encouraged massive foreign investment and domestic entrepreneurs. The industrial sector is expanding its capacity and is restructuring to ensure competitiveness in an increasingly globalized economy. With regard to the United Nation's Human Development Index, Brazil's human development is very close to those of the Southeast Asian Countries and is surpassed only by the developed countries. The foundation for such an improved index level is its achievements in terms of longer life expectancy, lower mortality rates and higher literacy rates.

² Pedro Malan and Regis Bonelli, "The Success of Growth Policies in Brazil," *Towards a New Development Strategy for Latin America* (Washington, D.C.: Inter-American Development Bank, 1992), 54.

³ World Bank, *World Development Report*, 1999–2000.

⁴ Nelson do Valle Silva, "A Research Note on the Cost of Not Being White in Brazil," *Studies in Comparative International Development* 35:2 (Summer 2000) 18.

Table 1. Per Capita Family Income by Color, 1988

| Per Capita Family Income | Color ⁵ | | |
|-------------------------------|--------------------|-------|-------|
| | White | Preto | Pardo |
| Up to 1/4 minimum wage (m.w.) | 14.7% | 30.2% | 6.0% |
| 1/4 to 1/2 m.w. | 19.2 | 27.4 | 26.8 |
| 1/2 to 1 m.w. | 24.2 | 24.9 | 20.7 |
| 1 to 2 m.w. | 20.2 | 12.0 | 10.6 |
| 2 to 3 m.w. | 8.2 | 2.7 | 2.9 |
| 3 to 5 m.w. | 6.5 | 1.6 | 1.8 |
| 5 to 10 m.w. | 4.5 | 0.8 | 0.9 |
| 10 to 20 m.w. | 1.5 | 0.3 | 0.2 |
| 20 or more m.w. | 0.3 | 0.1 | 0.0 |
| Total | 100% | 100% | 100% |

Source: IBGE, PNAD, 1988, compiled by Nelson do Valley Silvia/IUPPERJ.

The minimum wage is approximately \$150 per month.

Table 2. Unemployment Rates by Sex and Race, 1996

| | Total | Men | Women | White | Black* |
|--------------|-------|-----|-------|-------|--------|
| Brazil | 6.9 | 5.7 | 8.8 | 6.6 | 7.7 |
| Urban North | 7.7 | 6 | 10.2 | 6.8 | 8.2 |
| Northeast | 6.3 | 5.2 | 7.8 | 5.7 | 6.5 |
| Southeast | 7.7 | 6.2 | 9.8 | 7.4 | 8.7 |
| South | 5.4 | 4.5 | 6.6 | 5.1 | 8.1 |
| Central-West | 7.9 | 6.2 | 10.5 | 7.6 | 8.7 |

Source: PNAD, 1996, compiled by Adidas do Nascimento and Elisa Larkin Nascimento.

Percentage of population 10 years or older, with or without income.

* This includes pretos and pardos.

Silva's studies show they also have much greater marginal returns from experience than blacks. According to Silva, these "rates of return are only equalized after 52.28 years of labor market experience, that is, after the whole working life cycle would be well past." Again, according to Silva, 18 percent of income differences can be attributed to labor market discrimination. This effect accounts for about one-fourth of the disadvantaged group's income.

Brazil's census data also show significant differences among race or color groups within regions. In the more affluent states of the Southeast, Rio de Janeiro and São

⁵ Official Brazilian census data use two color categories for African descendants: *preto* [black] for dark-skinned and *pardo* [mulatto and mestizo] for others. This distinction has proved so arbitrary and subjective as to be useless. It is now accepted convention to identify the black population as the sum of preto and pardo categories, referred to as *negro* [black], *afro-brasileiro* [Afro-Brazilian] or *afro-descendente* [people of African descent].

Table 3. Percentage of Miserable Poverty by Region and Color, 1998

| State/Region | Color | | |
|-----------------------------|-------|-------|-------|
| | White | Preto | Pardo |
| Rio de Janeiro | 6.0 | 12.7 | 13.8 |
| São Paulo | 4.0 | 12.3 | 8.7 |
| South | 15.2 | 23.8 | 27.9 |
| Minas Gerais/Espírito Santo | 19.4 | 37.7 | 35.1 |
| Northeast | 38.5 | 51.3 | 49.5 |

Source: IBGE/PNAD, 1988, compiled by Nelson do Valle Silva/IUPERJ. "Miserable poverty" is defined as household income below one-quarter of the minimum wage.

Paulo, the incidence of miserable poverty is two to three times higher among blacks than among whites. Thirty-three percent more blacks than whites subsist in miserable poverty in the Northeast, while in the Amazon region and in the Central West the difference is more than 60 percent.

Education

Although Brazilian investment in education has increased over the last several years in terms of both real expenditures and the percentage of government spending allocated to education, equity is still an issue. There are large differences in both access to primary education and quality of primary education as measured by expenditures per pupil. These inequities are concentrated in rural areas and municipal schools and exist across regions, with expenditures per pupil in municipal schools in the Northeast less than one-third the expenditures elsewhere in Brazil. Inequities also exist between school systems, with expenditures in municipal schools often much lower than expenditures in state primary schools. These inequities are compounded by the fact that students from lower-income homes are more likely to attend municipal schools than are students from higher-income homes.⁶

In addition, federal government subsidies to tertiary education consume more than half the federal education budget. A 1986 World Bank study on primary education in Brazil found horizontal inequity, where students with similar family incomes received different subsidies depending on whether they enrolled in public or private tertiary institutions. The study also found vertical inequity where students from low-income families received relatively few educational resources during their years in school and were unlikely to gain access to public higher education. In an attempt to provide primary education for all, the government adopted a redistribution plan for the federal share of education salary tax revenue. However, the only equity issue addressed by this redistribution was regional differences. The substantial difference in educational opportunity and educational resources between income groups, between state and municipal schools, and between urban and rural schools, persists and remains largely unaddressed by current public policies.⁷

⁶ World Bank, *Brazil, Finance of Primary Education*, 1986.

⁷ Ibid.

Table 4. Average Years of Schooling by Gender and Color, 1996

| | Total | Men | Women | White | Black |
|--------------|-------|-----|-------|-------|-------|
| Brazil | 5.3 | 5.2 | 5.4 | 6.2 | 4.2 |
| Urban North | 5.2 | 4.9 | 5.4 | 6.3 | 4.7 |
| Northeast | 3.9 | 3.6 | 4.2 | 4.8 | 3.5 |
| Southeast | 6.0 | 6.0 | 6.0 | 6.6 | 4.9 |
| South | 5.8 | 5.8 | 5.8 | 6.0 | 4.3 |
| Central-West | 5.5 | 5.2 | 5.5 | 6.3 | 4.7 |

Source: PNAD, 1996, compiled by Abdidas do Nascimento and Elisa Larkin Nascimento. Data are for persons 10 years or older.

Table 5. Adult Years of Schooling by Gender and Color, 1996

| Years of Schooling | Men | | | Women | | |
|--------------------|-------|-------|-------|-------|-------|-------|
| | White | Preto | Pardo | White | Preta | Parda |
| No school/<1yr | 16.2 | 24.0 | 23.4 | 11.2 | 25.5 | 21.0 |
| 1 to 3 years | 17.0 | 23.8 | 25.8 | 15.7 | 21.4 | 23.2 |
| 4 to 7 years | 36.6 | 33.9 | 32.0 | 35.5 | 32.3 | 33.7 |
| 8 to 10 years | 15.6 | 11.2 | 10.5 | 15.3 | 11.5 | 11.5 |
| 11 to 14 years | 14.4 | 6.1 | 7.1 | 16.4 | 8.2 | 9.2 |
| 15 or more years | 6.2 | 0.9 | 1.2 | 5.9 | 1.1 | 1.4 |
| Total | 100% | 100% | 100% | 100% | 100% | 100% |

Source: PNAD, 1996, compiled by Nelson do Valle Silva/IUPERJ. Percentage of persons 20 years or older.

Illiteracy rates are highest in the Northeast. Disparities in educational attainment throughout Brazil are more significant between blacks and whites than between men and women. In all regions, except the Northeast, whites are above the national average for years of schooling, whereas blacks are consistently considerably lower. James and Levers' description of South Africa's education system can be applied to the Brazilian context: "the schooling system, nevertheless, struggles to enroll all eligible pupils, fails to retain the majority of them to secondary level and offers them a quality of schooling which varies from excellent for a minority to abysmal for the majority. The expansion of tertiary educational involvement by [blacks] has meant their enrollment in the less technical directions since most schools for black pupils fail to qualify them in mathematics and science. The technical and commercial elite remain predominantly white as a result."⁸

⁸ Wilmont James and Jeffery Lever, "The Second Republic: Race, Inequality and Democracy in South Africa," *Beyond Racism* (Atlanta: The Southern Education Foundation, 2000), 50.

Health

Data from the World Bank and the Pan-American Health Organization show the poor in Brazil suffer disproportionately from the diseases of underdevelopment, as well as from cardiovascular diseases, cancer, injuries and AIDS.

In 1979 and 1980, a study in the industrial city of Volta Redonda (in Rio de Janeiro) showed the prevalence of high blood pressure was inversely related to education levels. The cases diagnosed were about five times greater among those who were illiterate or who had only primary education than among those who had post-secondary education.⁹ Infant mortality rates, as well as death rates for men between the ages of 45 and 64, were more than 50 percent higher for the poor than the rich.

Regional disparities in the availability of hospitals and outpatient facilities are significant, with per capita levels two to four times higher in the South and Southeast than in the North and Northeast. Even within the regions that have better facilities, the availability of the services is uneven, and there are insufficient basic services in those areas where there is greatest need.

Table 6. Life Expectancy at Birth by Race

| | 1940/50 | 1970/80 |
|------------|---------|---------|
| Whites | 47.5 | 66.1 |
| Non-Whites | 40.0 | 59.4 |

Source: PNAD, 1990, compiled by Singer, 1995; Bento, 1998.

Table 7. Life Expectancy at Birth Race, Income and Education, 1996

| | Income | | Education | |
|------------|---------------|----------------|-----------|--------------|
| | Lowest Levels | Highest Levels | 1-4 Years | 4 Years/More |
| Whites | 59.5 | 70.4 | 66.2 | 72.3 |
| Non-Whites | 55.8 | 63.7 | 62.2 | 66.6 |

Source: PNAD, 1990, compiled by Singer, 1995; Bento, 1998.

Table 8. Mortality Rate by Color, 1996

| | Infant Mortality | | Child Mortality | |
|--------------|------------------|--------|-----------------|-------|
| | White | Black | White | Black |
| Brazil | 37.3 | 62.3 | 45.7 | 76.1 |
| Northeast | 68 | 96.3 | 82.8 | 10.1 |
| Southeast | 25.1 | 43.1 3 | 0.9 | 52.7 |
| South | 28.3 | 38.9 | 34.8 | 47.7 |
| Central-West | 27.8 | 42.0 | 31.1 | 51.4 |

Source: PNAD, 1996, compiled by Abdias do Nascimento and Elisa Larkin Nascimento. Mortality for children under five is estimated from 1993; all rates are per 1,000 births.

⁹ The World Bank, *Brazil, The New Challenge of Adult Health* (1990), 61.

Data from other countries have consistently shown demand for health services is highly income-elastic; as income rises, absolute spending on health care rises at an even faster rate. However, in Brazil, the proportion of income spent on health services in the early 1980s was much less for the rich than the poor. The reason for this is the middle class and the rich, not the poor, were the principal beneficiaries of publicly financed health services in Brazil.¹⁰ The regressive nature of subsidies from publicly financed health care is also evident in the regional distribution of facilities. The provision of publicly financed services heavily favors the more developed regions of the country.

A Model for Brazil

Two interacting frameworks will be utilized in analyzing of the nature and impact of social exclusion in Brazil: (1) the conceptualization of social exclusion as a multidimensional and cumulative process; and (2) the historical specificities of Brazil as a foundation for understanding current processes within the country.

Social exclusion as a multidimensional and cumulative process

In addition to the general definition of social exclusion as “the process through which individuals or groups are wholly or partially excluded from full participation in the society in which they live,”¹¹ this paper emphasizes the cumulative and multifaceted nature of the social exclusion process. In this sense, social exclusion can best be described as dynamic forces produced by many different sources. Accordingly, this paper focuses on the multidimensional and cumulative nature of social exclusion as a process, and tries to identify intermediate dimensions of accumulation within the generalized process.

This section of the paper will look at the processes that arose out of Brazil’s transition from a slave-based agrarian economy to a highly industrialized economy, and the resulting impact on the country’s institutions. These processes will be evaluated in terms of three dimensions, representing three overlapping modes of the transition and corresponding to socioeconomic, sociocultural and sociopolitical exclusion. The concept of circular causation generally refers to situations characterized by the reciprocal influence of factors. Here, cause-effect relationships take on multiple directions, wherein results from one area influence another. Consequently, circular causation is important in this paper’s approach to social exclusion applicable to the interactions among and within the three dimensions mentioned above.

Brazil’s historical specificities

Whether one stresses a lack of solidarity, excessive specialization, monopolies of access or a combination of these three paradigms in evaluating exclusion (ILO 1996; de Haan and Maxwell 1998), the inevitable conclusion is that modern Brazil is shaped by the exclusion of the majority of its population. A thorough understanding of Brazil’s history also leads to the conclusion that this exclusion has its roots in Brazil’s agrarian economy during, and immediately following, the days of slavery, and later in the corporatist structures of social control established in the wake of the 1930 Revolution.

¹⁰ Ibid, 87.

¹¹ European Foundation (1995), 4.

These had been Brazil's two predominant modes of integration into the global capitalist economy. But, while the country benefited from global inclusion, it came at the expense of internal inclusion. This does not imply social exclusion today is not influenced by more recent dynamics. However, Brazil began its industrialization process without destroying the framework and attitudes of pre- and post-abolition society and, unless key limitations imposed by its past trajectories are addressed through relevant and effective policies, the future for the majority of non-white Brazilians remains bleak.

Dimensions of Exclusion

Socioeconomic

The dominant processes of socioeconomic exclusion in Brazil coalesce into the marginalization of populations of African descent, especially those living in rural areas. Upon the abolition of slavery in 1888, the Brazilian government took no measures to integrate the "freed" slaves into the national economy. Many of these ex-slaves remained on plantations, or they moved to urban hills and other peripheral areas and formed favelas where their descendants live today. In Brazil, the most excluded members of the population live in favelas, including those in rural areas, and these communities suffer extreme poverty. Data presented in the previous section showed the vast disparities between blacks and whites. Afro-Brazilian life is marked by differential access to assets (including capital and property), to markets (including labor and credit), and to services (including health and education). Socioeconomic exclusion is also evident in the differential depletion of resources (including land and human capital).

A study conducted by Nelson do Valle Silva on the socioeconomic disparities between whites and non-whites shows the salience of the cumulative nature of these intergenerational inequities. He distinguished two phases in individuals' socioeconomic life cycles: social mobility and income acquisition. He found that for the same stratum of social origin, pretos and pardos confront greater difficulties in their process of upward mobility and are exposed to higher levels of immobility, resulting in a more modest profile of occupational achievement for these groups that to a limited extent can be attributed to differences in social origin. For the same occupational result, non-whites also experience greater difficulties in transforming their occupational achievement into income. He pointed out that almost half the difference between whites and pretos and pardos is attributable to lower levels of monetary return for the occupational achievements of non-whites.¹² Nelson's aggregated difference may be a bit more modest when other relevant individual characteristics (e.g., the differences in composition component) are considered. However, access to education is another component of an individual's life cycle that is subject to the same type of discrimination impeding the social progress of blacks and condemning them to markedly inferior living conditions in comparison to those of whites in Brazil.

This does not mean, however, that blacks contribute little to the Brazilian economy in terms of labor and consumption. The favelas, or poor communities, represent a constant supply of cheap labor, especially domestic and other unskilled forms. Although many black Brazilian males work as unskilled factory labor or in construction, most are employed in the service sector as street vendors, garbage

¹² Nelson do Valle Silva, "Extent and Nature of Racial Inequalities in Brazil," *Beyond Racism*, 39.

men, bus fare collectors, doormen, watchmen, service station attendants, street repairmen or janitors. These service jobs may be less visible, but they are essential and generate income that is channeled into the national economy.

Despite their very modest income, Afro-Brazilians constitute a major market for consumer goods. A study in the late 1960s indicated the purchasing power of the favelas was US\$14,720,000 per month or almost US\$180,000,000 per year using 1969 conversion rates.¹³ The national economy benefits further from purchases by low-income workers because they must often use credit. If all payments are made on time, the final outlay is about twice the market value of a given item. In the case of default, the goods are repossessed without reimbursement of what has already been paid. Favela dwellers also contribute to the economy through small entrepreneurial activities within the favelas: Four in 10 build their own homes. From 50 percent to 60 percent have put considerable time and money into improving their dwellings. Between 5 percent to 10 percent build small shops, stores or bars, on which they are required to pay taxes to the city government. Further, most improvements in infrastructure—water pipes, sewage lines (when they exist), electricity lines, walkways—are the result of investments by residents of the favelas.¹⁴

This brief sketch of the socioeconomic exclusion of Afro-Brazilians, and the data from the previous section, show how localized mechanisms feed into one another and create differences in opportunities for marginalized groups. At equal levels of social origins, Afro-Brazilians have lower levels of social mobility and occupational achievement than white Brazilians; at equal levels of occupation, they obtain different levels of income; at different levels of assets, they face increased risks; at equal levels of need, they face decreased services from local and national governments. Fragmented markets, insecure assets, increased risk, degrading environment and absence of services combine to further increase the momentum of social exclusion. However, Afro-Brazilians are not marginal to the national economy; rather, they are integrated into it on terms detrimental to them. The process of socioeconomic exclusion works such that on one hand, it requires their participation in the system, and on the other, it guarantees they are unable to participate fully in that system.

Sociopolitical (institutional)

This dimension of exclusion focuses on processes that contribute not only to political exclusion, but also to exclusion from national affairs as shaped by the presence, absence or workings of formal institutions. The key element of this dimension is the degree to which the reach, strength and independence of institutions have facilitated or prevented the participation of significant segments of the populations in national affairs. In the political sphere, the absence of a democratic civil society (because of the monarchy, the Vargas dictatorship and the military dictatorship) meant that official channels of discourse were often out of reach for Afro-Brazilian citizens, as well as others. A number of factors, including ignorance of civil rights, lack of education, misinformation regarding the law, and general disenfranchisement inherited from the patriarchal and racist colonial tradition, render politics and activities in the public domain off limits to most Brazilians, but particularly to

¹³ Janice E. Perlman, *The Myth of Marginality, Urban Poverty and Politics in Rio de Janeiro* (University of California Press, 1976), 154.

¹⁴ Ibid.

Afro-Brazilians and indigenous peoples.¹⁵ In addition, Brazil's corporatist culture and unique hierarchical patterns of political and economic organization have given rise to a system that has institutionalized white privilege and forced blacks to the margins of society. If the essence of corporate thought can be caustically summed up as "a place for everyone and everyone in his place," the place for Afro-Brazilians is clearly a subordinate one.

Other national institutions have also proved to be very weak in facilitating the participation of Afro-Brazilians in national affairs. Because of their disadvantageous status arising from limited education and access to other public services, a large number of black workers are unable to capitalize on the benefits and guarantees gained by other workers from the labor legislation passed under Vargas in the 1930s and 1940s. Many Afro-Brazilians earn less than the minimum wage and do not have social security benefits, health insurance or pensions.

As noted in the previous section, regional disparities in the availability of hospitals and outpatient facilities are great, with per capita levels two to four times higher in the more affluent South and Southeast than in the North and Northeast. Even in the well-supplied regions, the availability of services is uneven, with a lack of basic facilities in areas where the quality of health is poorest and health care needs are the greatest. Even though the Constitution of 1988 establishes universal access to publicly financed health services as a constitutional right, this access has yet to be fully implemented.

Education provides a good example of an institutional system that claims to be national but in fact serves only the minority and contributes to the exclusion of large segments of the population from many forms of participation.

Sociocultural

The legacy of slavery in Brazil has had serious consequences for the relationship between phenotype and position in Brazilian society. After independence, the promulgated symbol of Brazil was the monarchy, even though the majority of the population was Afro-Brazilian, many of them slaves. Upon the abolition of slavery, blacks comprised the majority of the population, and the ruling elite designed public policies to "purify the nation's racial stock."¹⁶ Between 1890 and 1914, more than 1.5 million Europeans arrived in São Paulo, 64 percent with their travel paid by the state government.¹⁷ At the same time, blacks were stigmatized as unqualified and were considered dangerous, the men in particular.¹⁸ Until the 1930s, Brazil promoted a white image of the country, which was subsequently replaced by a white celebration of racial mixing and "racial democracy." The military dictatorship from 1964 to the early 1980s paid minimal attention to social problems or race relations for almost 20 years. In addition, the myth of "racial democracy" (the idea that through mixing all races had become equal) continued to gain ground and was promoted by most Brazilians confronted with

¹⁵ Darien J. Davis, *Afro-Brazilians: Time for Recognition* (Minority Rights Group International, 1999), 8.

¹⁶ Such thinking goes back to colonial times and was supported by Latin American abolitionist. Fray Alonso de Sandoval defended whitening as the solution to the "black stain" in his 1627 work *El mundo de la esclavitud negra en américa* (Bogotá: Empresa Nacional, 1956).

¹⁷ George Reid Andrews, *Blacks and Whites in São Paulo, Brazil, 1888–1988* (Madison: The University of Wisconsin Press, 1991).

¹⁸ Maria da Cunha Olívia, "1933: um ano em que fizemos contatos," *Revista USP* 28, São Paulo (December/February 1995):142–163.

the question of racial discrimination. The political opening of the late 1970s and early 1980s allowed for the emergence of a contemporary black protest movement. However, unfavorable stereotypes of Afro-Brazilians prevail in Brazil's media. School curricula and literature depict a European Brazil and omit or distort the history and culture of black Brazilians.

Discrimination based on stereotyping is a reality even today in Brazil. Black males are continuously regarded as criminals and favelas are routinely invaded by police. Many innocent blacks die at the hands of the police. Violence against children, street children in particular, is common.

There is very little dispute as to the existence of a historically-honed color hierarchy, where blackness is at the bottom in Brazil. The strong ideology of "whitening" the race, together with the myth of racial democracy, played a significant role in the continued marginalization of peoples of African descent. Today, despite the continued myth of racial harmony, individuals with dark skin or marked African phenotypical characteristics have lower sociocultural value in Brazil than whites. An Afro-Brazilian summed up what continues to be a reality for the majority of Brazilian blacks in her reflections, saying, "The life of the blacks is not only different from that of the whites, they are even kept in a low position by the whites. The *negro* is accepted in many fields but in an inferior position. Only exceptionally can they achieve a position of distinction."¹⁹

Unfortunately, many Afro-Brazilians buy into this ideology of inferiority relegating the black race to a lower status, and concerted efforts are often made to marry an individual with a lighter skin. Some Afro-Brazilians who become successful feel the need to reject their racial origins and often refuse to recognize or discuss the problem of race or color. This sense of inferiority afflicting Afro-Brazilian begins during their school years and continues throughout adulthood. Degler reports in *Neither Black nor White*, that the most vicious consequence of color prejudice in Brazil is that it narrows Afro-Brazilians' horizons. In the face of discrimination and feelings of inferiority, many Afro-Brazilians become discouraged and simply refuse to compete with whites. Further, Degler notes Afro-Brazilian parents, internalizing the sense of inferiority, restrict their children's ambitions in order to save them from disillusion or failure. By not extending themselves, out of fear of rejection or failure, however, Afro-Brazilians reinforce whites' stereotype of the unambitious or incompetent black.²⁰

Conclusion

In his 1995 speech at the World Summit for Social Development, Chilean Ambassador Juan Somavia stated that the quality of a society is "measured by its capacity to integrate the excluded," an ultimate test of values. He also asserted that social development will depend on the "energy and dynamism of people to ask fundamental questions and propose unusual solutions." The data presented would seem to indicate there is indeed a racial order in Brazil and that various segments comprising Brazil's society are organized around different rules, processes and institu-

¹⁹ Florestan Fernandes, *The Negro in Brazilian Society*, trans. Jacqueline D. Skiles et al. (Columbia University Press: New York, 1969). Original title, *A integração do negro na sociedade de classes* (São Paulo, 1965), 166.

²⁰ Carl N. Degler, *Neither Black Nor White: Slavery and Race Relations in Brazil and the United States* (Madison: University of Wisconsin Press, 1971), 164–165.

tions that enable and constrain access and entitlement to goods and services, activities and resources for various groups according to their position on the social ladder.

Despite official government policies, socioeconomic data reveal profound disparities between white and Afro-Brazilians. Despite Brazil's remarkable economic and technological progress over the decades, it is a sad fact that modern economics and high technology have not worked in favor of justice and freedom for all its citizens. The choices made by Brazil's ruling elite in pursuit of capitalist development and inclusion in the world economy have been at the expense of the majority of the population, in particular Afro-Brazilians and indigenous peoples. A European minority was successful in establishing its political dominance in Brazil, first through the process of imperialism and slavery and then through the corporatist structures, which prevented Afro-Brazilians from accessing political power and economic resources, and thereby ensured they would be relegated to the bottom rung of the social ladder. Government's economic policies thus far lack a fit essential for social and cultural soundness that would enable the vicious cycle of exclusion and poverty to be broken. The causes of Brazil's "miserable poverty" can be linked to the systemic exclusionary processes entrenched in its institutions and attitudes of its citizens. Unfortunately, beneath the "racial democracy" Brazilians tend to project, lies a black-white dichotomy in which both parts are interdependent yet unequal.

Social, economic and political indicators indicate impressive progress compared to the Brazil of yesteryear. Within the last two decades, Brazil has advanced toward democracy at an unprecedented rate. While its democratic process is still lacking a firm degree of consolidation, many more of its citizens have come to enjoy broader freedom to participate in public process, oppose governments and otherwise express and inform themselves.

Legacies of the past, challenges of the future

In the 1960s, when Brazil's military stressed industrialization as a key component of its modernization scheme, Florestan Fernandes argued that for Afro-Brazilians to participate in the modernization process, their social conditions would have to improve drastically. He asserted that blacks were handicapped by the debasement of slavery, pauperism and isolation through history, and needed material and psychological skills as well as technology, which they lacked.²¹ Four decades later, has the hierarchical social class system been altered to the benefits of Afro-Brazilians? Is the Brazilian elite pursuing economic development goals and global inclusion at the expense of the country's black citizens?

The challenge ahead is not only to ask these questions, but also to propose solutions to the obvious responses. One key question that must be addressed is to what extent growth and equity are complementary and to what extent there is a trade-off as defined by Hirschman. The definition of equity that is adopted will determine the policies adopted to address inequities in Brazilian society. Because equity issues and social values are interconnected, it will be challenging to arrive at solutions favored by the majority. Nevertheless, greater emphasis must be placed on policies in Brazil that promote equity. These equity-related policies can in turn directly and indirectly help in reducing situations of extreme poverty found in the country. For example, with a reduced gap in income distribution fewer individuals will fall below the poverty line. Also, equity-enhancing

²¹ Fernandes, *A integração do negro na sociedade de classes*, 132–134.

redistribution policies that allow investment in human capital, such as education and health can, in the long run, boost economic growth, which in turn has been shown to reduce poverty.

Therefore, while the government of Brazil continues to pursue sustainable macroeconomic growth, it could also

- develop a strategy to reach the excluded in the rural sector and informal economy;
- improve its administrative capacity to implement redistribution efforts;
- improve its legal system to allow the implementation of redistribution policies and, at the same time, to protect against racial discrimination through effective anti-discrimination legislation and programs, since existing laws on racial discrimination are, for the most part, without teeth and unenforced;
- develop a strategy to engage civil society and NGOs in effective dialogue; especially with regard to social exclusion of historically marginalized groups, and strengthen non-governmental organizations and other civil society organizations (particularly Afro-Brazilian organizations) to make them strategic and capable of monitoring and evaluating government's policies and influence;
- invest in educational programs, which would help eradicate social stigmas that have for too long dictated the outcome of Afro-Brazilians lives. Too often, Afro-Brazilians are forced to contend with negative and harmful stereotyping in both school texts and national media. Urgent and concerted attention must be given to these two key areas, education and the media, in an attempt to redress the impairment of Brazilian social values.

On a final note, Brazil—and the entire Latin American region—must decisively seek to eliminate the vast disparities that exist among its citizens. The practice of social exclusion, clearly linked to poverty and to poverty-stricken groups within Brazil, will soon cease to be an asset to the elite. Thanks to globalization, one of the region's main assets, its huge pool of cheap, unskilled labor, is fast becoming a liability. A skill-biased technology change worldwide may conspire against hopes of continuing with business as usual. Brazilian policy makers must find a way to improve the situation of the poor, educate them and train them for a more competitive global workplace. If they fail, Brazil, elite included, risks falling further behind in the global race.

Bibliography will be furnished upon request.

Cashing In on Afro-Latin Communities: Strategies for Promoting Grassroots Initiatives

By JUDITH MORRISON

Evolution in Afro-Latin Development Research

Afro-Latin organizations have a strong interest in reducing poverty. The urgent needs of black communities drive engaged grassroots leaders and volunteers. In the early 1990s, I became interested in community development strategies for African descents living in Latin America. This interest was fostered by a number of supportive colleagues and individuals who encouraged me to apply to new contexts my experiences working with economically and culturally marginalized communities in the United States. I found this a journey filled with clear parallels and surprising disconnects shaped largely by history and social conditions.

In 1995, I was able to test several hypotheses in rural Maranhão. This fieldwork introduced me to many of the contradictions inherent in development work with racially marginalized communities. The following overview contextualizes some of the remarkable shifts in development policy for communities of African descent over the past five years.

There are African descendent communities?

In 1996, the state government of Maranhão launched a pilot project through ITERMA (Instituto de Colonização e Terras do Maranhão) to grant land title to 11 of the 400 black communities identified through the Projeto Vida de Negra, a sub-project of a program that had received funding from the Inter-American Foundation from 1989 to 1995. Local planning exercises conducted with the participation of the communities, civil society organizations and the state demonstrate that, at the time, land title was one of the single most important issues in rural Brazil (PVN 2000). Title enabled communities to harvest natural resources or access state agricultural programs and credit services. Maranhão was the first state in Brazil to grant land title to traditional Afro-Brazilian communities, and in 1996 there was still a mixed response to both the policy of granting title to the “black lands” and the idea of loans targeting black people.

Despite the progressive nature of the state government in 1996, many people in the region were not aware of the land titling statute and, if they were, they did not necessarily support it. Much of this lack of support came from an information and sensitization gap. Many of the non-supporters were unaware of socioeconomic

conditions in black communities; they thought the application of a program for African descendants might be arbitrary and assistance would be unmerited (Morrison 1997). As earlier research with social programs in the U.S. notes, this is not uncommon with cases of targeted development programs for specific populations (Skcopol 1991). Members of various racial groups and social classes adamantly denied the existence of Afro-Brazilian communities, insisting racial mixing had resulted in homogeneity. The belief in this blurring of individual and collective racial identity is widely documented throughout Latin America (Wade 1997; Gates 1999). Resistance also came from area residents who believed the “black lands” (*terras de preto/quilombo*) communities were extinct mythological creations with no relevance to the present. Opinions on “black lands” in Maranhão changed dramatically in the years to follow. In 2001, Governor Roseana Sarney set a policy that will continue to recognize Afro-Brazilian communities and, to compensate for their historic exclusion by the state, will give them priority status for agricultural loans and technical assistance services. I was surprised to hear this policy had been widely accepted by diverse farmers.

Several anthropologists have dedicated significant research to understanding and explaining the cultural differences in communities of African descent (Wagner 1988; O'Dwyer 1995; Salustiano 1992; Cruz 1991). Civil society organizations, working with state and national government, have been important actors in the dissemination of information on these communities. This consciousness-raising work is clearly influencing society to keep pace with the innovative policies adopted five years earlier. More non-black farmers are more accepting of the definition of African descendent communities because they are aware of the specific context and definition set forth by these anthropologists and NGOs. Greater understanding of what constitutes an African descendent community leaves rural neighbors more confident that African descendent community identification will be assigned based on solid criteria, therefore minimizing concerns that policies will be applied arbitrarily and unfairly.

Rising interest

Dissemination of policies and a greater understanding of the nature of black communities have moved the debate from the definition of a black community to how conditions can improve. African descendants comprise 29 percent of the total population of Latin America, but make up more than half of the region's poor (Zoninsein 2001). Rising concerns about poverty among African descendants are stimulating local and national development policies.

The level of international interest in African descendants in Latin American communities has risen sharply in the last two years. As African descendent communities have negotiated spaces for direct exchange with donor agencies and multilateral institutions, they have begun to shape the new research agenda, which further confirms the importance of bettering the conditions of African descendants in the Americas. Social exclusion has a tremendous macro-economic cost in Latin America. An analysis of Bolivia, Brazil, Guatemala and Peru suggests that some economies could expand by as much as 36.7 percent if social exclusion in African descendent and indigenous communities were eradicated (Zoninsein 2001). This compelling research provides advocates with powerful statistics to argue for development assistance to black communities.

The Realities of Promoting Economic Development

The movement and the organizations it produced

The black consciousness movement is relatively new in Latin America. The initial organizations emerged in the 1970s when the first significant cohort of African descendent university students learned about the U.S. black power movement. Exposed to African American popular culture and the writings of prominent black leaders, these young people in Latin America, where overt racial segregation was less prevalent and definitions of race are much less rigid than in the United States, began to consider the relevance of race to their own lives. A peculiarity of the movement in Latin America has been its struggle to convince blacks to identify with their African ancestry. Members of the same family can self-classify differently based on their own individual concept of race. In Brazil alone, there are more than 100 words to describe racial mixtures and combinations. African descendants often believe it advantageous to down-play their African heritage and have identified their racial classification accordingly (Nobles 2000).

During her first election as a favela community leader, Benedita da Silva, later the first Afro-Brazilian woman state lieutenant governor, and then governor, summarized the dilemma of black activists in her campaign speeches. She said cultural identity and consciousness come from first fulfilling basic survival needs. Her straightforward analysis poses the question: What good is it to identify as black if you remain extremely poor and unable to think beyond your daily survival? Many individuals in black organizations want to reduce poverty in African descendent communities but are challenged by institutional limitations. Brazil has more than 2,000 active African descendent organizations and Colombia has more than 60; yet fewer than a handful of these have active economic development programs or strategies. Why?

Dichotomy between cultural and economic development projects

Understanding the origins of the black movement in Latin America is important to understanding how to promote economic development in African descendent communities today. Because of flexible definitions of race, many black organizations have focused on raising individual consciousness. Their activities often involve cultural preservation (*resgate, rescate*) or advocacy as ways of making African identity more visible either within black communities or in the larger society. Both structures often posit the African descendent organization to protect and defend the black community against present or past threats, but fail to build programs and policies that specifically promote economic development.

Cultural activities often have a historic context and arise out of traditional forms of expression. They are very valuable in establishing community identity (Kleymeyer 1994), but may not necessarily spur economic development opportunities. As for advocacy work, every country in Latin America has an African descendent organization dedicated to protecting or promoting the human rights of black people. Rights work has been instrumental in promoting legislative changes. But without organizations that have specific strategies for socializing these policies and incorporating community development in their work, most African descendants will find that their legal victories are hollow.

Capacity and incentives

Institutions as they now exist face three obstacles to implementing development. First, an organization inexperienced in economic development will obviously be nervous and perhaps even reluctant to implement projects outside its core mission. As the cases below illustrate, solid interactions between grassroots support organizations and beneficiaries can provide the incentive for a culture or rights-based organization to expand programming to include economic development.

Second, Afro-Latin organizations tend to be underfunded and to rely heavily on volunteer labor, which is not unusual for identity-based organizations that grow out of social movements. Buvinic (1986) describes how an all-volunteer base presents one of the main challenges to women's organizations promoting innovative development programs. Volunteers are important, but it is unreasonable to require the most burdened members of the project, in this case African descendent beneficiaries, to undertake full responsibility for implementing core elements of a program without adequate financial support. Donor agencies considering grassroots development approaches led by African descendent organizations should allow for appropriate financial resources to support contracting current volunteers or hiring additional staff. Partnering with local institutions that have specific development expertise has also proven to be a key element of success as illustrated in the project examples below.

Finally, there is the contradiction of forming a bridge between African descendants and the very economic structure that excludes them from the marketplace. How does a culture or human rights organization engage in activities that might be in direct opposition to their defense of black identity? As Zoninsein (2001) observes, employment discrimination plays a major role in labor market segmentation, explaining why African descendants and indigenous peoples have fewer economic development opportunities. It is often tempting for black organizations to disassociate from traditional economic development solutions that seem incongruent with cultural affirmation. These organizations struggle with the appropriateness of placing African descendent communities in positions of vulnerability to the demands of a market where the low-income black community is subordinate to the rule of the wealthy. African descendent organizations must put out the fires caused by discrimination while exploring creative economic models that affirm African identity. The struggle between culture and economics makes expanding economic opportunities the last development frontier for black communities.

Cashing In on Opportunities: Project Illustrations

Despite these difficulties, several civil society organizations have taken a genuine interest in promoting economic development in communities of African descendants. The cases below illustrate how economic development begins with grassroots processes that include the voices of beneficiaries committed to improving their quality of life. The cases are surprising because they represent diverse African descendent organizations in Brazil, yet share themes and principles applicable throughout the region. All three are based in the respective state's capital but have a broad geographic reach that includes rural communities.

The first two cases, from Maranhão and Sergipe in Brazil's Northeast, one of the most impoverished regions of Latin America (Van Zyl et al. 1995), support the

conclusion that if economic development programs can exist in such harsh conditions, they can be replicated in less desperate areas. The third case, from Rio de Janeiro, examines a women's organization that promotes production of Afro-Brazilian crafts and religious symbols, despite rejection of black artisans in the mainstream marketplace based on racial discrimination. In terms of experience, the Maranhão case presents an established model from an organization that has worked on economic development for almost 10 years. The Sergipe and Rio cases are from organizations whose economic development programs are less than three years old. Comparing and contrasting the three successful cases clarifies how organizations have overcome the barriers to economic development projects in African descendent communities.

PVN in Maranhão

Centro Cultura Negra (CCN) and Sociedade Maranhense de Defesa dos Direitos Humanos (SMDDH) were both established in 1979 in Maranhão, located in the transition zone between the arid Northeast and the Amazon rain forest. Projecto Vida de Negra (PVN), the black life project, is a collaborative effort that represents the union of CCN, the black cultural center, and SMDDH, the society for human rights.

Originally, PVN received funding in 1989 from the Ford Foundation and later Oxfam International to record geographic, anthropological, historical and cultural aspects of Maranhão's black communities. Although the project officially began in the late 1980s, the PVN staff started work in Frechal as early as 1986 through the older institutional structure, CCN. In 1986, the project's sole charge was to provide documentation for black areas in the state of Maranhão. A multi-cultural organization with a mainly black staff, PVN is connected to the ideals and ideology of Brazil's black political movement. Its values, to preserve the culture and the cultural autonomy of black communities, attract trained lawyers, agricultural engineers, anthropologists, historians, photographers, educators and organizers whose philosophies are congruent with notions of participation. The size of the PVN staff varies considerably depending on funding. Many staff members work on contract or volunteer their services to the organization. Most black researchers in PVN come directly from leadership and organizing positions. Non-black members tend to be academics or volunteers from activist associations with significant experience in community organizing. The project organizers' participatory development experience has kept PVN focused on grassroots leadership. PVN has worked with the state government agricultural extension services to provide additional opportunities for economic development. It has also managed to incorporate agricultural and economic development expertise from other units within SMDDH. Channeling the expertise of diverse volunteers has strengthened PVN programs.

The desire to integrate community perspectives in leadership, planning and assessments of projects is central to the mission of PVN. In fact, the CCN, one of PVN's original founding organizations, was born of progressive grassroots action. The organization's first successful effort was lobbying the mayor of São Luis to donate a site for a black cultural center and memorial to the victims of slavery. The site was a fort that had held the slaves widely considered to be ancestors of Maranhão's black population.

From the inception of its research project, PVN worked with two distinctive African descendent communities, Frechal and Felipa. Both had producer associations responsible for promoting economic development. Frechal is an extractive reserve that received land title from the state for the preservation of two “protected resources”: black culture and the wild babussu coconuts in the community. Felipa is a traditionally black community forming part of the local agrarian reform settlement. Both communities have consistently identified their interest in promoting market-based economic development. PVN was able to capitalize on these interests by strengthening community institutions. The organization makes little distinction between staff and the community served. Several community leaders have become PVN staff through participation in leadership training or black history workshops. Hierarchies are minimized by emphasizing that black staff are from other black communities and that non-black staff respect the beneficiaries. The community connection is so close that elders in black communities view PVN staff as an extended network of family members. Ana Amelia of the PVN staff, is viewed as a “daughter” by many Frechal elders because she “respects the community leaders and dedicates herself” to their concerns. Staff members are self-selected and, consequently, tend to admire the people who live in the communities and their lifestyle. Individuals with no affinity for rural black communities would not work with PVN for little or no compensation and in harsh conditions. A close network of interested volunteers also ensures that disrespectful individuals are quickly weeded out.

According to several elder leaders, PVN’s intervention strengthened rapidly declining levels of cooperation within the community. In the late 1980s Frechal was in the process of losing its strong community organization as young people fled to the city, became urbanized and began to “forget the ways of the ancestors.” PVN’s introduction of history and cultural training revived their community-centered values. One of the most important examples of cooperation, which has led to the creation of community institutions, is the sharing between one area of Frechal with access to electricity and another area without it. Neighbors across the river invite the other part of the community into their homes to watch television and refrigerate perishables. Felipa and Frechal residents take responsibility for projects to a higher level, managing conflict and altering projects to meet community needs. For example, in Felipa residents exhibit an entrepreneurial spirit and boldly troubleshoot production problems. In Frechal, community members are prepared to fight for their interests, holding their ground and ensuring development plans maximize their community’s interest.

Residents in staff roles

As the pressures for more staff have escalated, PVN has drawn from a pool of part-time consultants and volunteers from SMDDH and other progressive organizations to meet the additional burdens. These volunteers have strong technical expertise but frequently know little about Frechal and rely on PVN’s strong ties to the community.

As Frechal looks toward resolving present and future concerns, the community requires more assistance with grants and economic development. Staff with less information must rely more heavily on community knowledge and gain understanding through valuable exchanges with residents. I observed meetings in Frechal where the discussion revolved around the allocation of UNICEF funds. Agronomists from

SMDDH led the session and advised the community on different paths for development. These volunteers, who had stopped off for a few days on their way to another meeting a few hours away, did not have a well-established relationship with this community and were dependent on residents for information about specific crops and Frechal's internal system of organization. The residents were completely engaged, involved and informed in the planning process. They seemed very confident of their knowledge and often corrected the "expert representatives" or reminded agents of community mechanisms for decision making that needed to be respected.

In Frechal and Felipa, PVN was able to reinvent the notion of a black community; changing a label of embarrassment and shame to an expression of pride has led to increased project participation and success. Communities felt that as residents of black areas they had to be "representative" of all black people. Frechal and Felipa used their black identity to symbolize cultural pride and to launch economic development programs.

Felipa

Felipa is a small, simple community with low literacy levels. Fewer than half of the adults can read or write, and many considered literate can read and write little more than their names. Additionally, the community had no experience with project implementation. Despite these limitations, the community is exemplary within a "model" agrarian reform settlement because of the residents' keen awareness that they had not benefited from previous funding because they were black, and therefore less likely to receive support in the future if they did not perform well. Because of Felipa's isolation, residents are genuinely appreciative of visits by outsiders. Being isolated, remote and black also means some outsiders think of the community as backward. When Felipa was given a mechanism to prove its worth to outsiders through the PVN project, it created internal institutions to take maximum advantage of economic development opportunities.

According to area leaders, the awareness of higher levels of scrutiny was recognized and identified as early as the first Banco do Brasil PROCERA loan program for rice, corn and manioc in 1986. The community banded together and decided, under the direction of Benedito, the first association president, to take the new state-administered project seriously so this first chance to work with an outside agency would not be the last. No Felipa resident has ever defaulted or made late payments, a record achieved through peer pressure, and an internal zero-tolerance policy. Failure of one person to make a timely payment is viewed as a failure for the entire community. According to the first president of Felipa, members know they have to meet financial responsibilities; there is no alternative. These behavioral norms, an outgrowth of community development programs implemented by PVN, have resulted in benefits for the collective as a whole.

These positive internal institutions are being noticed by government agencies and neighbors. Proposals are quickly approved because of Felipa's reputation for working so well. Agricultural agents told of an old house that had collapsed notified the state housing agency which acted quickly with a home-building project for Felipa. Felipa's neighbors have begun to collaborate on activities that may lead to more collective production.

Frechal

Due to a prolonged land conflict, Frechal residents had very low self-esteem. PVN's arrival instilled a sense of pride and even managed to change some external critics into supporters. In Frechal, the community residents felt they owed their "consciousness" to PVN which gave them a way to deal with racism by retelling and reinterpreting community stories. CCN emphasizes the strength of Frechal's founders. Understanding the hardships earlier community leaders experienced has motivated Frechal residents to prove themselves and combat racism by using cultural pride and preservation to develop institutions for organizing and stimulating economic development. Values and actions also identified as ways of the "ancestors" include working very hard, respecting all people and nature, and building consensus at meetings.

PVN's black history programming originated with a project to record the history of the community; current activities include seminars and research on the community. The information has sustained residents through land conflicts and a municipal battle for state funding. In a land struggle, the mayor of Itapecuru-Mirim supported Frechal against a wealthy landowner, and the mayor's office was helpful in granting the community additional economic development opportunities and land title. PVN's fortification, cultural pride and internal institutions are important to understanding the mayor's decision, which was political, according to residents of the municipality's capital. The mayor thought that by joining the land struggle he would be able to gain non-black support because Frechal represented a model landless community that took the initiative and followed through on development projects.

Additionally, by January 1997, the local power company had joined with the producers' association to install electricity in all homes. Frechal currently has successful agricultural production and new opportunities for home-based industries. It is turning the former landowner's house into a conference center and tourism site for individuals and organizations interested in Afro-Brazilian culture. For Frechal residents and outsiders, being black is a source of pride.

SACI in Sergipe

Sergipe, where Sociedade Afrosergipana de Estudos e Cidadania (SACI) is located, is one of most destitute states in Brazil's poverty-stricken Northeast. Aracajú, its capital, is one of the most marginalized cities in the region, despite several oil and cement plants. Less than a decade ago, Aracajú used tax incentives to lure industry to the region, but now industrialists are threatening to leave because of the unskilled work force. Nonetheless, Aracajú has a civil society community for which SACI is the reference point. As an NGO leader SACI has strong relationships with producer associations, environmental associations and social service groups with diverse membership and programs. They consult SACI on project design and implementation, fundraising and network building. SACI's position has enabled it to make inroads with business leaders. In 2000, SACI sponsored the first meeting on social investment in Aracajú; it has worked with the Vale do Rio Doce Corporation on community projects. SACI also has a long, successful track record working with municipal governments in municipalities with very different political orientations.

Originally a culture-based organization whose programs addressing racism and racial discrimination were supported by the Ford Foundation, SACI, founded in 1992, has responded to three rural communities struggling with extreme poverty. Massuca has a vibrant conservative political history and strongly supports conservative parties; Lazerto, with a very weak political structure, tends to be more centrist; Parque dos Faróis has a more liberal tradition. SACI works effectively across political lines because of its focus on basic needs and a collaborative approach.

As SACI's board of directors and staff become familiar with economic development, the mission of the institution has also begun to shift into this arena. The founders of this organization confronted racism at the university, and have become more engaged in understanding how the market works. One is interested in obtaining an M.B.A. to prepare her to work with grassroots female entrepreneurs. Another is an economist who has conducted preliminary economic feasibility studies for three income-generating projects that would benefit 540 individuals and their families through ecological brick production, artisan crafts production and an ecological broom factory.

Massuca will develop an ecological factory which will produce bricks for a large internal market. Most bricks available on the market are produced using unsustainable processes. By refining the traditional brick-making process, low-income residents will produce a superior value-added product. Located on a narrow portion of land donated to community residents (originally squatters), Lazareto will have an artisan craft production facility and a community center. A local company's employee association will work with the organization. Parque dos Faróis will adapt a "kit," including materials and machinery, and build a small structure where area youth, using shredded plastic bottles, will produce durable and ecologically-conscious brooms. This will be the first broom factory in the Northeast and in an Afro-Brazilian community.

A planning activity will integrate the three projects and make specific recommendations. Thirty-two trained monitors and evaluators will report, evaluate and improve project design. Association leaders and managers learn best business practices for the activities to become successful. Participation in sessions will be open to all association members available to attend the full training course. A portion of the project resources will be dedicated to marketing and advertising to increase profitability.

SACI has successfully linked with the private sector and the municipal government but, given the extreme poverty of the region, it will need further grant support to assure success. The organization appears ready to take the leap to more complex economic development, and the communities appear prepared to increase production. Massuca has a successful manioc flour operation, which enables low-income residents to transfer these skills to ecological brick production. Parque dos Faróis will work with several recycling projects enabling low-income residents to run their own business. By mobilizing private sector resources, SACI can lower the costs of the three projects and negotiate creative mechanisms for reaching the market.

Criola in Rio

Criola, incorporated in 1993 and located in Rio de Janeiro, started as a black women's health project with strong research and advocacy components and local and international links. In 2000, Criola was recognized as an institutional "Woman of the Year" by *Claudia*, the women's publication with the largest circulation in Latin America. Criola has dynamic leadership; a founding member is one of the first black women trained as a medical doctor in the prestigious state university system. Her Ashoka fellowship for social entrepreneurship has provided the organization access to the consulting resources of McKinsey-Brazil as well as an individual advisor to expand Criola's economic development activities with low-income craftswomen.

Criola's economic development project stems from almost eight years of informal work with women artisans in Rio de Janeiro and surrounding rural areas. The project was formalized a little over two years ago when a project manager was brought on board to work with the artisans to develop more specific support services. For the past six months, Criola has provided training for 50 artisan beneficiaries working in traditional Afro-Brazilian crafts and religious objects. The project's artisans have expressed interest in making products more marketable and available. Criola will work with a consultant in craft production, financial management and marketing to pass on these important skills.

Through Criola, the artisans have been able to access important resources from SEBRAE-RJ, a business training institution. Criola will also link with local credit institutions to improve production. With minor adjustments to techniques and product lines, Criola anticipates artisans will be able to earn a living wage. To reach new consumers, additional support will be provided for product transport. Currently, artisans find their sales are highly sporadic, and they have insufficient information to anticipate specific growth sectors in their markets. A product-by-product analysis will enable individual artisans to tailor their products to current and future customer preferences.

The artisan beneficiaries sell their products at local fairs that often attract a large number of customers but also have high registration fees. To decrease the participation cost and increase the impact of activities, artisans will strengthen their association and develop formal links for greater collaboration. Criola will provide resources for legal services, enabling the association to obtain legal status. The association will also receive support in organizational development. By making the association more sustainable, artisans will have a greater guarantee that their quality of life will improve.

Market studies indicate a demand for Afro-Brazilian products, but low-income women have been unable to reach consumers due to discrimination by intermediaries. Many artisans have relayed stories of severe discrimination that often led to exclusion from the region's crafts fairs.

Afro-Brazilian arts and crafts have proved highly desirable in local and international tourist markets. In Rio, several crafts fairs attract a substantial number of international visitors. Despite the vibrant artisan tradition of Rio, currently there are few places to purchase Afro-Brazilian crafts. Many cities in Brazil have revitalized tourism by capitalizing on these crafts, most notably Salvador, Bahia. In addition to overcoming the stigma associated with Afro-Brazilian artisans, Criola will provide greater opportunities for artisans to sell their products at a fair price. Crafts

are broadly defined in this project to include Afro-Brazilian textiles and traditional food produced in a labor-intensive manner. Therefore this project will reach a cross-section of individuals who sell products connected to Afro-Brazilian cultural expression in all of its forms. Uncertainty is often a feature of crafts projects, but solid technical support gives these artisans a considerable advantage over potential competitors.

Conclusion: Lessons for Promoting Grassroots Economic Development

These three projects illustrate that cultural development and advocacy projects can expand their focus to include economic development. Organizations changed through increased interaction with beneficiary communities “empowered” as a result of cultural development advocacy. Staff listened to community needs and worked with community members to create economic development programs.

In the case of PVN, the advocacy work was primarily research-driven in the initial stages and then expanded to include community development that led to economic development. SACI and Criola, both organizations advocating for specific causes (SACI for racial tolerance and Criola for health promotion), began to expand their visions of development through interaction with their beneficiaries. Key to success in all of these models were effective NGO staffs and strong beneficiary participation in project design, planning and implementation. Beneficiaries were able to jolt the NGOs beyond their comfort zone—of advocacy and cultural development—to explore economic development. This was a grassroots approach because the planning and direction for the projects came from the community. It made NGO leaders evaluate their reason for being in the black movement in the first place: improving the quality of life of African descendants.

The three organizations described here have all been able to develop strong partnership with the state or municipal government, and, in the case of SACI and Criola, the private sector. Interestingly, the lack of private sector partnerships in the case of PVN probably has more to do with the timing of the project than any other factor. PVN, the oldest economic development project highlighted in this paper, was conceived during a time when partnerships were often viewed with skepticism because outsiders thought that an NGO would be corrupted by a private sector partner. Now more common, such partnerships offer additional sources of financial and human resources. This is apparent in the case of SACI, where the private sector is providing direct services to the lowest-income community, and in the case of Criola, where the NGO has been able to harness high quality market research to support the project. Municipal and state government provided similar support to PVN through agricultural extension services to rural communities and crucial land titling legislation and assistance. One of the main factors in the success of these projects is critical financial counterpart support enabling experts to intervene at the appropriate time. African descendent organizations have proven highly effective at promoting values, but they often need resources from outside institutions or individuals to make the projects successful.

Over the past five years, the literature on economic development in African descendent communities has grown considerably. We have moved beyond the question of whether there are African descendent communities in the Americas to

understanding how to minimize social exclusion. As we continue to study how African descendent communities implement targeted economic development programs, we will have an even greater understanding of “best practices,” which are of interest to practitioners and academics, but are of even greater importance to Afro-Latin American communities as they implement their ideas and vision for grass-roots economic development.

Bibliography will be furnished upon request.

The Mundo Afro Project

By MILAM FITTS

One of the best kept secrets of the last few centuries is that very large Afro populations, exist throughout Latin America as well as the Caribbean. According to industry data, these total approximately 150 million people,¹ roughly one-third of the total population of the region. Brazil has the second largest Afro population worldwide, approximately 70 million people, exceeded only by Nigeria with a population of 115 million. Colombia has the second largest Afro population in Latin America, with approximately 10 million people.² Significant Afro populations reside in Venezuela, Ecuador, Peru, Guyana, Panama, Costa Rica, Nicaragua, Honduras, Mexico, the Dominican Republic and Cuba. Smaller communities of Afro populations live in Argentina, Uruguay and Paraguay.

For a variety of reasons, including a complex system of color designation, institutional government neglect and denial, and a lack of accountability as to how these communities are treated, most Latin American countries have undercounted their Afro populations. Large numbers of blacks are thereby rendered invisible and socially and economically underserved. One characteristic common to almost all Afro-Latino communities is that they suffer extreme poverty. In most cases, blacks are among the lowest income groups in their countries, and they consistently suffer from institutionalized social, political and economic discrimination. Although national and international development organizations have made considerable efforts to foster lending as a strategy to alleviate poverty and unemployment in the region, there are very few organized efforts to improve conditions in Afro communities.

The Mundo Afro Project (MAP) was created in 1998 by the Chicago International Development Corporation (CIDC) to provide economic development assistance specifically targeting Afro communities in Central and South America. CIDC is a private international economic development consulting group. Before the creation of MAP, few efforts by international development agencies addressed the economic development of Afro communities in Latin America, although development agencies have been actively involved in the region for decades. In fact, some of the most successful development projects worldwide are found in Latin America, particularly in the field of micro-enterprise.

¹ "The Denial of Black Rights in Latin America," Colombia Human Rights Committee newsletter (Summer 1995).

² Charles Whitaker, "Blacks in Brazil: The Myth and the Reality," *Ebony*, February 1991. The author cites figures from Brazilian Institute of Geography and Statistics.

CIDC was engaged by a Chicago-based development bank to research and design an economic development project targeting Afro communities in Latin America. In 1998, after conducting research in Colombia and Ecuador, CIDC secured a \$2 million funding commitment from a private foundation to undertake MAP in Colombia. MAP's mission was to demonstrate that Afro communities can be economically viable if they have access to credit and investment opportunities, and that these resources should be provided on a nonsubsidized, market-rate basis.

This paper describes why Colombia was selected as MAP's initial site and details specific elements of MAP in Colombia. It also presents lessons learned in Colombia and future initiatives planned for other Afro-Latino communities.

Profile of the Afro population in Colombia

Large concentrations of Afro-Colombians live along the Pacific coast of Colombia in an area extending from the Panama border to the north and Ecuador to the south. Significant Afro populations also live along the Atlantic coast in Cartagena, Barranquilla and Santa Marta in an area that extends from Panama to the west and Venezuela to the east. Approximately 90 percent of the inhabitants of the Pacific coast, 60 percent of the inhabitants of the Atlantic coast, 60 percent of the southern department of Valle and the northern department of Cauca, and 65 percent of Uraba live in Afro communities.³ Afro populations also exist in most major cities throughout the country. The following are demographics of the Afro population of Colombia:⁴

- The Afro population in Colombia numbers approximately 10 million.
- Afro-Colombians register the highest incidence of unsatisfied basic needs relative to all public services and social conditions created by the state for the benefit of its citizens.
- In Afro-Colombian municipalities, 86 percent of basic needs go unsatisfied; in white municipalities, 45 percent of needs go unmet.
- Ninety-eight percent of black communities lack basic public services (including drinking water, sewers, electricity), while in white communities 94 percent of basic public services are provided.
- The health care system covers 40 percent of the nation's white population, but only 10 percent of the black municipalities. Some 3 percent of the black workers receive social security benefits compared to 28 percent of workers in white communities.
- Afro-Colombian communities face nonexistent or weak coverage in national programs such as occupational training, educational improvement, entrepreneurial development and work opportunities.
- Illiteracy in black communities is 45 percent compared to 14 percent in white communities.

³ *Comunidades Negras y derechos Humanos en Colombia*, Proceso de Comunidades Negras, mimeo, Buenaventura, 1996.

⁴ "The Denial of Black Rights in Colombia."

- For every 100 youths who graduate from secondary schools in black communities, only two from the urban centers enter college. Of the rural graduates, none enter college.
- Mortality in the first year of life takes 120 children of every 1,000 in Afro-Colombian towns, while in white communities the figure is 20 per 1,000.
- Life expectancy in black communities is 54 years compared to 70 years in white communities.

Colombia was chosen as the site for the demonstration phase of MAP because it has a significant Afro population, a relatively strong regional economy, and an established network of successful economic development programs and financial institutions. Compared to Brazil, which has the largest Afro population in the region, or to a country where the Afro population is considerably smaller, Colombia's Afro population was considered an ideal size to implement the MAP concept on a demonstration basis. Colombia's Afro population is experiencing a growing awareness of its racial identity and a need for change in the majority society. The Afro community is also developing a network of progressive NGOs. If MAP were successful in Colombia, the goal was to expand the project to other countries in Latin America.

MAP Objectives in Colombia

MAP is an effort to focus economic development assistance directly toward communities in Latin America where large concentrations of Afro populations live. Access to credit and technical assistance are essential resources that enable communities to develop economically. MAP's goal is to provide credit and technical assistance to support micro-enterprise and small business activities in Afro communities as a strategy to alleviate poverty and unemployment and to build community assets. MAP utilizes a range of credit methodologies to promote economic development: loans to individual entrepreneurs, loans to women, group lending or combinations of these methodologies that enable communities to build financial assets. The premise is that as communities expand their financial base, they will be able to use it as collateral to finance further development.

MAP is based on the underlying principle that Afro communities can be economically viable communities if they have access to credit and investment opportunities, and that these resources should be provided on a nonsubsidized, market rate basis. MAP assumes that long-term economic development will not be achieved solely through philanthropy from international donors. Long-term development will require the participation of the commercial financial sector and a commitment of private resources within the country together with international support. MAP intends to demonstrate to the commercial financial institutions within Latin communities that businesses in Afro communities owned and managed by Afro-Latinos are viable according to standard business criteria; that economic assets and initiatives exist in Afro communities; and that Afro communities present new market opportunities for the formal sector. MAP aims to demonstrate that an effective way for the formal financial sector to tap into these opportunities is to work

closely with community-based organizations possessing institutional capacity and an in-depth knowledge of the targeted populations in their communities.

MAP's most important goal is to demonstrate to the formal financial sector that Afro-Colombian communities can become a viable market, if the formal financial sector is willing to work with these communities by adopting the MAP methodology and lessons learned from its implementation. At the end of the demonstration phase, the formal financial sector will have exposure, understanding and experience working with community-based NGOs serving Afro communities. Ultimately, MAP's goal is to stimulate international development agencies, national governments and commercial financial institutions to commit resources that will provide opportunities for Afro-Latino communities to participate meaningfully in their country's economy.

MAP Design

MAP-Colombia was undertaken on a demonstration basis through an alliance between a U.S. development bank and a private foundation based in Cali, which, as development institutions, share a common mission and management principles. Drawing on their background in applying private sector principles to social development work and from their experience as catalysts in the implementation of innovative programs that generate economic and social opportunities for marginalized communities, MAP incorporates the following elements: loan funds to support the existing credit programs of the participating NGOs and operating grants for the NGOs to implement the project.

Each participating NGO has existing credit programs. Historically, resources used to fund NGO credit programs have been provided by international organizations and government programs in the form of grants. MAP, however, attempts to introduce market principles and discipline as its core development strategy, because MAP believes the formal financial sector will only be interested in development opportunities in the Afro community and partnerships with NGOs that operate on standard market principles. Therefore, resources provided as capital for credit programs must be repaid and are structured so that interest and principal are amortized over the term of the loan. MAP, however, provides grants to support operating and administrative overhead during the demonstration phase as NGOs move toward operational sustainability. The goal is that through technical assistance and cross-training the NGOs will develop operating efficiencies enabling them to achieve operational sustainability.

Technical assistance toward institutional strengthening

Technical assistance is a critical element of MAP and is provided through a series of technical workshops and quarterly on-site visits by the project management directed at improving the efficiency of the NGO staff. Examples of areas covered in the training include strategic planning, governance, portfolio management, financial management, information systems, product development and fundraising strategy.

Cross-training among NGO staff and board members

Cross-training is a process whereby NGOs teach and learn from each other's experience. During its assessment of micro-credit programs in Colombia, the project

management recognized the limited interaction among NGOs serving Afro communities and that they were at different stages of institutional development. In order to obtain support from the financial sector, it is important to strengthen the institutional capacity of each NGO and to adopt standards of operations generally accepted by financial institutions. A critical element of MAP, therefore, is providing a mechanism whereby participants exchange program experiences with each other and with other successful economic development practitioners. Management organized a series of workshops designed to strengthen the NGOs and to facilitate interaction. The goal of cross-training is to establish a network of economic development organizations that can serve as a resource for the targeted communities.

The forum consists of representatives from the formal financial sector, the NGO community and other development organizations. It was created because there is very little interaction between formal financial institutions and NGOs serving Afro communities. The purpose of the forum is to facilitate a dialogue between the formal financial sector and Afro community in order to achieve the following goals:

- to provide the formal sector exposure to business opportunities in Afro communities and to the viability of Afro-owned businesses;
- to promote an understanding of the culture of Afro communities and to better understand the issues facing Afro entrepreneurs;
- to build confidence within the formal sector that Afro entrepreneurs can own and manage economically viable businesses under market principles;
- to provide community-based NGOs technical assistance in operating systems and credit procedures practiced by the formal sector;
- to encourage the formal sector to expand its financial resources to Afro communities by demonstrating the success of MAP.

Participating NGOs

The project management identified four NGOs that were currently operating micro-credit programs. The four are located on Colombia's Pacific and Atlantic coasts where the largest concentrations of Afro-Colombians live. Each NGO agreed to accept MAP's goals and objectives and to achieve a set of specific, jointly developed annual objectives. The four NGOs are Fundación Para el Desarrollo Económico del Litoral Pacifico (FUNDELPA), Asociación General para Asesorar Pequeñas Empresas (AGAPE), Cooperativa Multiactiva Ser Mujeres de Tumaco (CSMT) and Grupo de Integración Rural (GIR).

The NGOs' existing credit programs, though limited, represented a cross section of the credit products available to Afro communities. In order to expand the project beyond the initial communities, each NGO agreed to assist the project management in identifying other NGOs with the potential to achieve MAP's goals. The four original NGOs would form the nucleus of a national NGO network capable of providing credit and technical assistance resources to Afro-Colombian communities. The following selection criteria were adopted:

- an existing community-based organization that works with or is interested in working with Afro populations, and whose management and staff reside in the respective community and play a central role in planning and implementing its development projects;
- leadership skills and organizational capacity to manage the existing program;
- operation of a form of credit or savings program for income-generating activities;
- program experience that can be shared among the NGO participants through cross-training with each group at different stages of development and the capacity to manage a credit/technical assistance program;
- institutional capacity to become a more efficient development organization;
- an interest in networking with the formal financial sector.

FUNDELPA

FUNDELPA is a nonprofit, nongovernmental organization dedicated to the economic and social development of small family enterprises in Buenaventura, the largest port on Colombia's Pacific coast. It offers access to credit, training, group purchasing and technical assistance to its clients, owners of small-scale businesses who work in production, commerce and other services. FUNDELPA provides credit through the solidarity group methodology (involving three to 10 entrepreneurs who collectively guarantee repayment) and also direct loans to individual entrepreneurs.

AGAPE

Based on the Atlantic coast in Barranquilla, AGAPE is a private nonprofit organization whose mission is to promote micro-enterprise by providing access to credit and basic business training. AGAPE works with the lowest income sector in Barranquilla, utilizing a credit methodology of both group and individual loans and requiring its clients to establish savings accounts in commercial banks. Typical beneficiaries of AGAPE's credit program are women market vendors who sell vegetables or fish from tiny stalls, street vendors, carpenters, seamstresses and tailors, who borrow working capital on a weekly basis.

CSMT

CSMT is a women's cooperative founded in Tumaco, the second largest port on Colombia's Pacific coast and a predominantly Afro-Colombian community. CSMT's mission is to provide its members and their families with savings and credit services for health, housing, education and business support in order to improve the quality of their lives.

GIR

GIR is an NGO serving grassroots farmers in the community of La Balsa in the region of North Cauca and South Valle. It was established for the purpose of reversing migration and the disintegration of black families by educating communities in the value of their land as a productive asset and to preserve their cultural traditions

and way of life. GIR's objective is to increase agricultural productivity, promote reforestation and diversify the agriculture-based economy by promoting micro-enterprise activities.

Institutional needs

Institutionally, all four of these NGOs need

- new funding sources to expand outreach as well as technical assistance in portfolio management, including the establishment of an effective interest rate policy;
- staff training in credit analysis and assistance in managing savings programs;
- strategic planning for organizational growth and sustainability;
- an expanded array of loan products that can accommodate “graduates” whose need for in loan size and loan terms may be different from typical microentrepreneurs;
- relations with the formal financial sector as an alternative source of funding and also as a source of staff training for both NGOs and formal sector;
- permanent facilities to house organizational activities.

MAP Accomplishments

During the 18 months of its operation, MAP Colombia disbursed US\$1.5 million in loan capital to four NGOs that financed a total of 930 individual and group loans. MAP also provided US\$165,000 in the form of grants to four NGOs for operating expenses. The NGOs provided technical assistance to more than 1,200 micro-enterprises. MAP-Colombia was able to strengthen the institutional capacity of the NGOs. The NGOs instituted credit policies consistent with MAP objectives and improved staff technical skills in accounting, financial management and information systems.

Key to the success of MAP was the consensus among the NGOs on the goals, objectives and design of the project. Initially, the groups were reluctant to accept the MAP's market rate credit terms, because they were not accustomed to repaying capital and interest on loan funds supporting their credit programs. Consensus involved reaching an agreement with each of the four NGO boards and their management that MAP's goals were consistent with their objectives and the national goals for the country, and that MAP satisfied the particular interests of their respective communities. Each NGO was required to develop and submit a strategic plan of operation. Separate legal agreements were drafted and signed by the participating NGOs before the MAP was officially launched and funds were disbursed.

An integral element of MAP was the development of Afro-Latino professionals to work in the daily management of MAP and also as subcontractors providing necessary support to the NGOs in accounting and basic business skills. Identifying qualified Afro-Latino professionals was challenging because the pool is

so small due to the historical factors MAP was attempting to overcome. Attitudes, skills and availability varied widely and few had formal credit experience. MAP sensitized its local partner to actively recruit Afro professionals to work on the Mundo Afro Project. During the program period, MAP placed 15 Afro professionals in staff positions and as subcontractors with the project.

Current Status

The Colombian partner in MAP was a subsidiary of one of the largest financial institutions in Colombia. Because of economic conditions during the period, the Colombian government required financial institutions to increase their equity to guarantee liquidity for depositors. The Colombian partner's shareholders did not satisfy the financial regulatory agency's equity requirement and were unwilling to commit new equity capital. As a consequence, the Colombian government nationalized the local partner and froze its assets, including funds designated for MAP. This occurred during MAP's second year. The U.S. foundation that funded MAP was unwilling to commit additional funds to the project after the MAP fund was frozen. Under the circumstances, MAP discontinued its credit operation in 2000.

The Colombian political situation became increasingly unstable throughout the project period and continues to be unstable today. Afro communities are particularly vulnerable because they have little power to defend themselves against destabilizing forces. They also have little presence in elected government. Also Afro-Colombians hold few positions in the government bureaucracy and no significant leadership positions in the military or the local police. They also possess land valued by private interest groups that do not hesitate to intimidate the Afro owners. In this environment, it is extremely difficult to implement economic development initiatives because legitimate economic activity requires stability. Although project managers did not encounter problems themselves, staff felt increasingly vulnerable. Project managers from the U.S. foundation were reluctant to visit program sites in Colombia due to security concerns. It became apparent that Colombia was too violent and unsafe a place to conduct business as long as the civil strife continued.

Lessons learned

MAP-Colombia served as an important laboratory from which to draw empirical data and lessons that allowed us to re-evaluate the original project concept and methodology. We learned major lessons and plan to incorporate them in our future projects:

- MAP learned it had to modify its market rate policies and make temporary adjustments in its interest rates on loan funds. During the first year of the project, interest rates in Colombia reached record highs. The country's benchmark interest, known as the DTF rate (the financial system's average rate of interest on a 90-day certificate of deposit), fluctuated between 23 percent and 40 percent per annum. For loan capital, MAP charged NGOs a floating rate based on the DTF. During the same period the financial system was experiencing extraordinary high interest rates, the Colombian government devalued the peso several times. The combination of these events created a hardship on

business activity nationwide, particularly in the informal sector which experienced a recession. MAP adjusted from a floating rate to a fixed rate until the DTF rate stabilized.

- Program participants should be community-based and currently implement economic development programs that provide credit to Afro communities on a market rate basis. It is essential to identify institutions that have in-depth knowledge of the needs of their communities and also that embrace the concept of sustainable development based on market principles.
- Investment in institutional strengthening is a prerequisite for successful implementation of a credit program. Disbursing additional credit funds to institutions before their staff is properly trained can undermine the credit program. Providing funds to ill-prepared institutions may exacerbate, rather than strengthen, their underlying institutional weaknesses
- Designing a technical assistance program for an institution must be based on a thorough assessment of the institution and be customized to address its specific needs, such as skills of the program staff, characteristics of the clients and strengths of the existing program.
- Participating NGOs should share common goals and experiences with groups that are members of a network addressing the economic development needs of Afro communities.
- The search for future MAP participants must be on going. The NGO candidate should be evaluated in the context of its capacity to contribute toward achieving MAP's objectives and of the potential impact of MAP resources on its target population. The geographic area in which an NGO operates must be connected via existing infrastructure to other parts of the country. The MAP, whose limited resources have to be allocated strategically, cannot tackle the problems of isolated communities requiring investment in infrastructure to improve basic conditions.
- MAP's ultimate objective is to develop linkages between micro-credit organizations and the financial sector by demonstrating results and experiences through cross-training and the forum. To achieve this goal, MAP needs to target communities where financial intermediaries (i.e., commercial banks, cooperatives, savings institutions, and federal and regional development projects) have a presence, although they may not currently serve MAP target populations. MAP cannot achieve its goals in communities where financial institutions do not exist, because these communities require greater resources than MAP has available.

MAP's future

CIDC has been engaged by the Center for African and African American Studies at the University of Texas at Austin (UT) to develop economic development initiatives within Latin America. CIDC and UT are collaborating on designing and implementing economic development programs in Nicaragua and Panama, working with NGOs based on the MAP concept.

In Nicaragua, we are working with an established community-based NGO and local universities to strengthen the NGO's existing credit program and to transform it into a regional economic and social development institution with a long-term, multi-year strategic plan. In Panama, we are working with an established credit union that serves a disadvantaged Afro community to expand its products and services. We are working with the credit union to develop new products and programs such as loans for businesses, insurance and pension plans that benefit employees and members. MAP is continually exploring program sites and partners in Latin America in an effort to provide resources for Afro-Latino communities and to strengthen institutions that work with Afro populations.

Portrait of Afro-Brazilian Craftswomen

By DÁCIA CRISTINA TELES COSTA

Criola, a nonprofit organization headquartered in Rio de Janeiro, was founded by and is operated by black women. To speak of Criola is to trace the history of women who have traditionally felt the weight of discrimination, but who nonetheless took the initiative to become involved in the fight against racism and to obtain and guarantee wider social rights. Through our activities during the nine years we have been in operation, we have had a direct impact on more than 3,000 women, adolescents and girls, as well as on institutions serving this population. Criola's mission is to equip them to combat racism, sexism and homophobia and to improve the standard of living of the black population. We work to incorporate black women as agents for change in the development of a society based on justice, equity and solidarity, wherein their presence and contribution are welcomed as a benefit to humanity. Over the years, the organization has received financial and political support for our projects from various groups and institutions, including the black community.

The goals of Criola's Art and Media Program are to create opportunities for black women and adolescents to enter the labor market as producers; to promote labor organization; to provide vocational training through courses; and to expand access to credit. The agency seeks to provide infrastructure to operate and facilitate dissemination of goods and services produced by black women in metropolitan Rio de Janeiro. Opportunities for vocational training and certification in, for example, information technology, industrial cutting and sewing, and Afro-Brazilian printmaking are available to black women and youth. A proposal is being developed to train women and adolescents to work in cultural tourism focused on the role of Afro-Brazilians in our country's heritage.

The Criola craftswomen project, begun in 1992, helps craftswomen develop joint production practices, procure raw materials at lower prices, and gain entry to markets. From its register of craftswomen in Rio Grande (which includes Rio de Janeiro, Niterói, São Gonçalo and Baixada Fluminense), Criola organizes meetings where women can receive training, exchange views and build solidarity. A direct mail system facilitates rapid exchange of information on points of sale and other matters of interest to craftswomen. The objective is to offer technical and financial support for program participants, so they improve the quality of their products, increase their sales, and, through involvement in the crafts market, are in a better position to address issues of poverty.

Brazil in figures

Population and racial composition

According to preliminary data from the 2000 census, Brazil has a population of 169,544,000. Approximately 45 percent of the population is black, of which 5.39 percent is defined as dark-skinned and 39.9 percent as brown-skinned. The official method for determining racial or ethnic background in Brazil, used by the Brazilian Institute of Geography and Statistics (IBGE) in census interviews, is self-identification based on skin color. Those surveyed may choose to classify themselves as white, black, brown, yellow (for Asian origin) and indigenous. Some individuals have difficulty defining themselves as black, and IBGE's method for determining race has been criticized because it results in an underestimate of Brazil's black population and a lack of clarity as to the group's socioeconomic conditions. In this paper, the terms "Afro-Brazilian population," "Afro-descendent population" and "black population" refer to the group of individuals classified as black and brown.

Human development indices by race and gender

United Nations Development Programme's Human Development Index (HDI) of 1999 compares the quality of life based on statistics on access to education, life expectancy, and employment and income status. It ranks Brazil in 74th place. If only the white population is taken into account, Brazil rises to 43rd place in the HDI, but if only the black population is considered, it falls to 108th.

IBGE statistics, published in 1996, indicate African descendent Brazilians average 4.2 years of schooling and white Brazilians 6.2 years. The IBGE figures show a higher proportion of whites enrolled in school at all levels. The disparity is most marked among children under seven; 31.9 percent of whites attend school versus 23.5 percent of black Brazilians. Of Brazilian adolescents between 15 and 17 years old, 80.1 percent of whites attend school versus 69.4 percent of blacks, according to IBGE's statistics for 1996–1997. Illiteracy rates are 9 percent for whites and 22 percent for African descendants. Ministry of Education figures for 2000 reflect that only 2.2 percent of university students are black, while 80 percent are white. If the number of blacks attending Brazilian universities were proportionate to the percentage of blacks in the population, the percentage of black university students would be 160 percent higher. Similarly, the black and brown population combined represents 45.2 percent of the Brazilian population, but the number of black and brown university students combined totals only 15.7 percent. If the number of university students were representative of the ethnic composition of Brazil, the number of blacks with a higher education would be three times higher than it is.

According to preliminary census data for 2000, the Brazilian population is 50.79 percent female. Black women represent 23 percent of the Brazilian population; 44 percent of the female population; 27 percent of the rural population; and 22 percent of the urban population. Comparative data for white and black women show white women are 90 percent literate whereas 83 percent of blacks are. Earlier IBGE data from 1996–1997 show 78 percent of white women have attended school as opposed to 76 percent of black women. Despite the differences in education between the black and white population as a whole, from 1960 to 1980, the number of black women enrolled in a university grew three times faster than the number of white women, increasing by 7.33 percent and 2.53 percent, respectively.

The survey of the black population in the Brazilian labor market, conducted at the request of the Inter-American Institute for Racial Equality (INSPIR), produced a systematic study of variables on personal characteristics and working conditions, and compared the black and non-black population for each. Special processing was conducted for metropolitan São Paulo, Salvador, Recife, Porto Alegre, Belo Horizonte and Brasília. The survey data reveals that racial and gender biases exist in Brazil.

Income is the principal indicator of the nature of inclusion in the labor market. When populations are compared by gender and race, average figures in the regions studied clearly reflect the existing occupational hierarchy with respect to discrimination against blacks and women. According to 1998 figures, approximately 26 percent of all families in Brazil, black and non-black, are headed by females. They support their households with monthly salaries ranging from R\$272.00 to R\$923.00. (At the time this paper was written, one real equaled US\$.4275). For a family of four, monthly per capita income ranges from R\$68.00 to R\$230.75. Two factors usually explain low income: level of schooling and types of jobs held. Although women's school attendance appears to be improving each year in Brazil, sometimes even surpassing men's in terms of secondary education, this has not had an impact on income. In general, blacks and women work in poorly paid jobs unprotected by labor law. They are underrepresented in the most highly-skilled occupations. Often victims of the "glass ceiling," they might be present, but they are rarely visible, and job promotion is difficult. Black women suffering dual discrimination on the basis of color and gender earn, according to some sources, between 28 percent and 47 percent of the income of non-black men. Black men earn even less; their income equals from 47 percent (in Salvador) to 76 percent (in Belo Horizonte) of what non-black men earn. In absolute terms, the disparities are even greater, according to Serguei Soares' *Discriminação de gênero e raça no mercado de trabalho*, published in 2000.

Social inequality in Brazil

In Brazil, social and economic inequality takes on a new dimension when considered in light of race and gender. Black women might seem invisible but they constitute the sector most keenly affected by inequities. The corollary to socioeconomic inequality is skewed income distribution, manifested in great numbers of poor people throughout Brazil, and poverty statistics correlate closely with African descent. Inequitable income distribution has its origins in the slave trade and has been internalized and accepted by Brazilians as the natural order of things. Many, for example, do not question the fact that unequal access to education systems leads to unequal levels of school attendance. Acceptance of discrimination as a natural phenomenon leads to obfuscation of the race issue as a factor in all areas of social relations as well as the work place. To change this picture, more effective state action is required, primarily through public policy. The parameters of a just and democratic society must be redefined to include issues relating to racial inequality.

Black Craftswomen

A thumbnail sketch

Criola, a nongovernmental organization, works with Afro-Brazilian crafts-women toward reversing the socioeconomic impact of racial and social inequality. Criola's 56 beneficiaries are poor black women between the ages of 27 and 55 with little education. Most of the craftswomen have not completed first grade; a few have completed second grade; only one-third have completed third grade. They live far from central Rio de Janeiro, in the poorest districts, characterized by a lack of urban amenities and by violence. Project participants travel considerable distances in the search of opportunities to display their products, often carrying them in heavy knapsacks.

While these self-employed women control the entire production process, they face problems marketing their wares. For the most part, they labor in unhealthy, exploitative conditions. Because of their erratic incomes, many hold other jobs, meaning they work a 14-hour day that pays the equivalent of one and one-half times the legal monthly minimum (R\$230.00, or approximately US\$93.88). This is not enough to meet their basic needs. Often the household has no other source of support.

The crafts—clothing and accessories (jewelry, belts, bags and headdresses), as well as ornaments, statues, sculptures, cloth, religious artifacts, toys, domestic utensils and perfumes—reflect Afro-Brazilian culture. The women produce and store these items in makeshift workshops in their homes. Products are sold at improvised locations that lack infrastructure and are often unsafe. In general, sales occur without official permission, as there is no recognition that these women do craft work. Some craftswomen sell in fairs authorized by the mayor of Rio de Janeiro. When the Copacabana Craft Fair was officially launched, one craftswoman succeeded in registering and obtaining a permit after a long political and physical struggle, which resulted in the other exhibitors' refusal to regard the Afro-Brazilian T-shirts that she made as crafts.

While the objects generate income, sales are insufficient to ensure sustainability. Profits are generally 30 percent above estimated costs; in some cases it may be possible to raise this margin to 50 percent. These craftswomen do not have resources to ensure regular, skilled production, which reduces access to credit. At one of the group's meetings, a participant remarked that a craftswoman's life is "to have to sell dinner to ensure lunch." Her statement illustrated the daily hardship in meeting minimum needs. Nonetheless, the women who choose to work as craftswomen accept the challenges.

Many craftswomen market through an intermediary who lays hold to products, sells them at places and for prices unimaginable to the craftswomen, and, after a while, passes on a minimal percentage of the price charged. The craftswomen are cast aside in the negotiating process and responsible only for supplying stock. The process demotes the women from producers to employees of the intermediary.

The project

Production of Afro-Brazilian crafts in Rio de Janeiro is rooted in black culture. The revival of traditional ways is essential to rescuing and strengthening the self-esteem of a group that has historically been oppressed and socially disadvantaged. Appreciation of a still-living culture contributes to group identity. Handicrafts take on new meaning, as they transform work into art. The spoken word is used to transfer technical knowledge and the lore that surrounds the particular product created. Despite the rules of the market place and changes in global economic relations, Afro-Brazilian crafts are alive and retain their fascination.

Criola is developing an arts and crafts center to market Afro-Brazilian products. Its aim is to offer technical training and logistical and operational support. We want to equip these women to control both the production and the marketing process, thereby doing away with the traditional involvement of intermediaries. In 1999, this proposal won the first Ashoka/McKinsey Business Plan Prize. McKinsey continues to advise Criola. The project is currently in the fundraising stage.

Final considerations

Craftswomen must overcome the following challenges:

- Afro-Brazilian craft production does not yet have a market niche. Investment funds are limited to financing production.
- Limited financial investment, due to lack of access to revolving capital, results in products that are not competitive.
- Craftswomen sell crafts individually, resulting in an increase in production costs.
- Both civil society and the state should promote craft activities as a driving force in social, cultural and economic development rather than merely folklore.

Crafts must be appreciated for their employment and income-generating potential. Craftswomen must be offered training in managing their enterprises. This means calculating costs, preparing proper budgets, controlling product quality, acquiring an awareness of marketing and pricing effectively.

Our intention is for craftswomen to become micro-entrepreneurs. We also want to promote a true exercise of citizenship through cooperation, solidarity, leadership, formation of associations, participation in community life, and individual and group self-esteem. The great challenge for these women is to try out new roles and behavior and appreciate their talents.

Bibliography will be furnished upon request.

Panelists' Biographies

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Jeanette Sutherland currently works on the World Bank's safeguard policies in its Middle East and North Africa region. She was formerly a consultant for the World Bank and the Inter-American Development Bank; she taught French and English literature in Trinidad and Tobago; and she worked for an NGO advocating development policies to benefit Afro-Latin Americans. Her interest is poverty issues and international trade, with special reference to the impact on marginalized groups and on adopting an interdisciplinary approach to the development process. Ms. Sutherland has degrees in international relations and regional economic development from universities in the West Indies and the United States.

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Judith Morrison joined the Inter-American Foundation in 1998. She is IAF's representative for Brazil and Colombia and works on issues of grassroots economic development, corporate social investment, and race and poverty. Author of several articles on politics and the history of Afro-Latin American communities for *Africana: The Encyclopedia of the African and African American Experience*, she has taught at Universidad de Los Andes and Universidad Nacional de Colombia. As the director of a nonprofit management and training organization, she worked extensively with third sector institutions in the United States and Latin America. She has also evaluated World Bank projects in Brazil. Ms. Morrison has an M.S. in income distribution and poverty alleviation from the Massachusetts Institute of Technology and a B.A. in political science from Macalester College. Her awards include the Woodrow Wilson Fellowship in Public Policy and International Affairs and MIT's Carroll Wilson Award for International Research. Her previous presentations include panels at multilateral institutions, business associations and universities in the United States, South Africa, Guatemala, Colombia and Brazil.

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Inter-American Foundation

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